

Message Text

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ACTION H-03

INFO OCT-01 IO-06 ISO-00 SS-15 NSC-06 /031 W
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FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 7953

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USMTN

PASS STR FOR INFO
STR PASS CODEL

E.O.11652: N/A
TAGS: OREP, ETRD, MTN
SUBJECT: CODEL VANIK

REF: STATE 083814

1. CODEL VANIK (CONGRESSMEN VANIK AND STEIGER PLUS STAFF-DELS LAMAR, ROHR, MEAGHER AND CALHOUN) MET WITH AMBASSADOR MCDONALD AND MTN DEL STAFF APRIL 3 FOR SUBSTANTIVE DISCUSSION OF KEY ISSUES IN MTN. MAIN POINTS DISCUSSED (AFTER GENERAL OVERVIEW AND OUTLOOK FOR MEETING MID-JULY TARGET) WERE (A) STR INTENTIONS CONCERNING NOTIFICATION TO CONGRESS OF INTENT TO ENTER INTO NTM AGREEMENTS, (B) SAFEGUARDS, (C) AGRICULTURE, (D) SUBSIDIES/COUNTERVAIL, AND (E) STAFF-DEL PRESENCE IN GENEVA FOR WINDUP.

2. CONCERNING POSSIBLE STR NOTIFICATION OF INTENT TO ENTER INTO AGREEMENT ON NTM CODES (REFTEL), THREE ISSUES WERE DISCUSSED: TIMING, TACTICS, AND A MUTUALLY-AGREED FORM OF STR-CONGRESSIONAL CONSULTATION. ON TIMING, CODEL WAS AMBIVALENT WITH VANIK INDICATING A DESIRE TO TALK WITH AMB
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STRAUSS ON THIS BEFORE HE MAKES FINAL DECISION. ON TACTICS, CODEL FELT THAT IF EARLY NOTIFICATION IS CONSIDERED APPROPRIATE, STR AND KEY COMMITTEE MEMBERS WOULD NEED TO CONSIDER CAREFULLY HOW TO AVOID TRIGGERING PUBLIC HEARINGS ON THE MTN BEFORE ELECTIONS; ONE SUGGESTION ADVANCED BY LAMAR THAT HE THOUGHT MIGHT HELP IN THIS REGARD WOULD BE TO SEND NOTIFICATIONS SEPARATELY CONCERNING EACH PROSPECTIVE

CODE WITH PERHAPS TWO-WEEK GAP BETWEEN EACH NOTIFICATION. ON FORM OF CONSULTATION AFTER NOTIFICATION(S) OF INTENT ARE SENT TO HILL, CODEL WERE ANXIOUS THAT THE SPIRIT OF THE TRADE ACT BE FOLLOWED BY INVOLVING KEY COMMITTEES IN A REGULAR DIALOGUE AS THE TEXTS OF PARTICULAR AGREEMENTS ARE DEVELOPED. STEIGER SEEMED PARTIAL TO IDEA OF AN EXCHANGE OF LETTERS AS METHOD OF STR-CONGRESSIONAL DIALOGUE FOR THIS PURPOSE.

3. ON SAFEGUARDS, CODEL SEEMED TO THINK U.S. HAD PREMATURELY AGREED WITH THE EC ON THE PRINCIPLE OF SELECTIVITY. AMBASSADOR MCDONALD REVIEWED BACKGROUND AND CURRENT STATE OF PLAY ON THIS IMPORTANT MATTER, STRESSING OUR POSITION THAT MFN SHOULD BE THE GENERAL RULE AND ANY DEPARTURES FROM SELECTIVITY WOULD HAVE TO BE CIRCUMSCRIBED BY ONEROUS PROCEDURAL AND INSTITUTIONAL CONTROLS TO PREVENT ABUSES.

4. CONCERNING AGRICULTURE, AMBASSADOR MCDONALD ACKNOWLEDGED THAT MAJOR DIFFICULTIES PERSIST AND THAT WE FRANKLY HAVE NOT YET FOUND A MUTUALLY-ACCEPTABLE KEY WITH THE EC TO UNBLOCK NEGOTIATIONS IN THIS AREA, BUT THAT INTENSIVE EFFORTS ARE CONTINUING AT TOP LEVELS (VIZ., STRAUSS-GUNDELACH MEETING APRIL 7) LOOKING TOWARD FLESHING OUT SUCH POLICY-LEVEL UNDERSTANDINGS AS ARE ATTAINABLE. IMPORTANCE OF SOME U.S.-EC ACCOMMODATION OF THE WHEAT/COARSE GRAINS IMBROGLIO WAS RECOGNIZED, BUT STEIGER AFFIRMED LIMITED OFFICIAL USE

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ED U.S. FARM INTERESTS ARE FLATLY OPPOSED TO PRICE DISCIPLINE ON FEED GRAINS.

5. CONCERNING SUBSIDIES/CVD (DESCRIBED BY STEIGER AS THE BOTTOM-LINE ISSUE), AMBASSADOR MCDONALD REVIEWED MODERATELY ENCOURAGING RECENT DEVELOPMENT OF OUR BEING ABLE TO ENGAGE EC IN DISCUSSION OF REGIONAL AIDS AND OTHER ELEMENTS OF GOVERNMENT PARTICIPATION IN TRADE, BUT THAT WE STILL HAVE A LONG WAY TO GO. HE ADDED THAT THE EC APPEARED TO BE FIRM IN ITS UNWILLINGNESS TO DISCUSS DISCIPLINE OF AGRICULTURAL EXPORT SUBSIDIES OUTSIDE SOME STABILIZATION FRAMEWORK FOR GRAINS, MEAT AND DAIRY.

6. IN BRIEF DISCUSSION OF STEEL, AFTER AMB MCDONALD SAID WE WERE IN EARLY EXPLORATORY STAGE OF CONSULTATIONS WITH EC AND JAPAN SEARCHING FOR THE MOST FEASIBLE MULTILATERAL FORUM FOR SOME KIND OF MONITORING MECHANISM, VANIK SAID THIS WOULD BE INADEQUATE TO DEAL WITH EXCESS CAPACITY AND NEW INVESTMENTS COMING ON STREAM. HE ALSO NOTED U.S. LABOR INTEREST IN MOUNTING AN ATTACK (VIA TAX ACTION) ON U.S. OVERSEAS INVESTMENT AND MORE CONTROL OVER EXPORT OF U.S. TECHNOLOGY.

7. THERE WAS ALSO SOME DISCUSSION WITH CODEL OF THE IMPORTANCE OF MOUNTING AN EFFECTIVE CAMPAIGN TO SELL THE MTN RESULTS TO THE AMERICAN PEOPLE AND THE CONGRESS, WITH VANIK EMPHASIZING THE IMPORTANCE OF THE ADMINISTRATION HAVING A CREDIBLE EXPOSITION OF HOW THE RELATIVELY WEAKER SECTORS OF THE U.S. ECONOMY WILL BE AFFECTED BY MTN RESULTS.

8. CODEL ADVISED US THAT THEY WISHED TO ASSIGN TWO PROFESSIONAL MEMBERS OF THE STAFF PLUS A SECRETARY TO BE IN

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GENEVA STARTING ABOUT JUNE 1 TO REMAIN THROUGH THE JULY 15 TARGET DATE FOR COMPLETION OF MTN. AMBASSADOR MCDONALD SAID THEY WOULD BE MOST WELCOME BUT THAT UNFORTUNATELY WE SIMPLY DID NOT HAVE ADEQUATE SPACE IN MTN QUARTERS TO MAKE AVAILABLE TO STAFFDEL FOR AN EXTENDED PERIOD. STAFFDEL IS IN CONTACT WITH SALT CONCERNING POSSIBLE ACCESS TO OFFICE SPACE WITHIN THIS BUILDING. WE UNDERSTAND THAT THE TWO STAFF WOULD CONSIST OF DAVID ROHR AND MICHAEL CALHOUN.

9. AMBASSADOR MCDONALD HOSTED A LUNCHEON FOR CODEL WITH HEADS OF MTN DELS FROM EC, CANADA, SWEDEN AND UKAWA FOR JAPAN PLUS DDG PATTERSON. DISCUSSION WAS ANIMATED AND GAVE CODEL GOOD OPPORTUNITY TO ASSESS CURRENT ATTITUDES OF KEY ACTORS IN THE MTN. THIS LUNCHEON MEETING WAS MARKED BY AN EXTREMELY HARSH ATTACK BY AMBASSADOR GREY ON JAPAN'S OFFERS, WHICH HE TERMED UNACCEPTABLE EVEN AS A

BASIS FOR DISCUSSION. UKAWA DID NOT RISE TO THE BAIT,
PRESUMABLY BECAUSE HE HAD ALREADY HEARD IT BILATERALLY
FROM GREY.

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10. CODEL ALSO HAD SEPARATE APPOINTMENTS WITH KOREA
(AMBASSADOR LHO), INDIA (PREM KUMAR), BRAZIL (AMBASSADOR
MACIEL), YUGOSLAVIA (DR. TOMIC), AND DG LONG.

11. CODEL APPEARED GENUINELY SATISFIED WITH RESULTS OF
THEIR VISIT AND SAID THAT IT WAS MOST USEFUL FROM THEIR
POINT OF VIEW. THEY HOPED THAT CONGRESSMEN ULLMAN AND
CONABLE WOULD BE ABLE TO VISIT GENEVA IN NEAR FUTURE FOR
A SIMILAR EXCHANGE OF VIEWS ON KEY ISSUES. I DRAFTED
THIS AFTER AMBASSADOR'S DEPARTURE FOR PARIS. CULBERT

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